# Message Text

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FM AMEMBASSY BRASILIA TO SECSTATE WASHDC PRIORITY 6552 INFO AMEMBASSY SANTIAGO PRIORITY AMEMBASSY LIMA PRIORITY

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LIMDIS

DEPT PLEASE REPEAT TOSEC FOR LORD

E.O. 11652: GDS

TAGS: PFOR, XM, OTRA

SUBJECT: POLICY PLANNING GROUP VISIT TO SANTIAGO

REF: SANTIAGO 7076

SUMMARY: PRESIDENT PINOCHET'S INITIAL GREETING TO POLICY PLANNING TEAM ESTABLISHED THEME FOR MUCH OF SUBSEQUENT CONSULTATION. "WE HAVE BEEN BETTER ALLIES TO YOU THAN YOU HAVE TO US". THROUGHOUT TWO DAYS OF INTENSIVE HIGH-LEVEL MEETINGS WITH CABINET MINISTERS AND MILITARY CHIEFS OF STAFF, CHILEANS DEMONSTRATED COMPLETE PREOCCUPATION WITH PERCEIVED MILITARY THREAT FROM PERU BACKED BY DIRECT SOVIET SUPPORT; GLOBAL ANTI-CHILE PROPAGANDA CAMPAIGN ORCHESTRATED WHOLLY BY "INTERNATIONAL MARXISM", AND VERY SERIOUS ECONOMIC PROSPECTS OCCASIONED BY TRENDS IN OIL, FOOD, AND COPPER PRICES. LACK OF INTEREST IN REGIONAL OR HEMISPHERIC MATTERS WAS STRIKING. CHILE'S GOVERNMENT SEES ITSELF UNDER SIEGE ON MANY FRONTS; VIEWS ALL GLOBAL ISSUES FROM EARLY 1959'S COLD WAR PERSPECTIVE: CONFIDENTIAL

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BELIEVES IT IS DEFENDING U.S. INTERESTS AS WELL AS

ITS OWN AND HOPES FOR MORE TANGIBLE EXPRESSION OF U.S. UNDERSTANDING, SYMPATHY, AND SUPPORT. FONMIN PRESSED OPENLY AND DIRECTLY FOR AN EARLY ANSWER TO CHILE'S REQUEST PURCHASE DEFENSIVE WEAPON LIKE TOW. DISCUSSIONS WERE FRANK AND USEFUL TO BOTH SIDES, THOUGH TEAM DOUBTS IT MADE MUCH DENT ON CHILEAN LEADERS WORLD VIEW. END SUMMARY

- 1. PLANNING GROUP VISIT TO SANTIAGO NOVEMBER 17-20 WAS PLAYED IN HIGH KEY BY CHILEANS, IN CONTRAST TO LOW KEY TREATMENT ACCORDED BY PERUVIANS (REFTEL). CHILEAN PRESS, WITH GOVERNMENT SUPPORT AND DESPITE EMBASSY ATTEMPTS TO DISSUADE, GAVE CONSIDERABLE COVERAGE TO THE "KISSINGER MISSION".
- 2. INITIAL COURTESY CALL ON PRESIDENT PINOCHET OPENED TALKS ON NOVEMBER 17. WELCOMING MISSION, PINOCHET MADE BLUNT PITCH FOR MORE TANGIBLE U.S. SUPPORT, SETTING A THEME THAT WAS TO RECUR CONSTANTLY IN COURSE OF TALKS.
- 3. FOUR LENGTHY WORKING SESSIONS WERE ALL AT CABINET AND ARMED FORCES CHIEF OF STAFF LEVEL, ATTENDED BY SERVICE CHIEFS BRAVO, LE MAY AND VAN SCHOUWEN, MINISTERS CARVAJAL (FOREIGN AFFAIRS), SAEZ (COORDINATION), LENIZ (ECON), CAUAS (FINANCE), KELLY (PLANNING), AND NUMEROUS SECOND-LEVEL OFFICIALS. ATMOSPHERE AT FIRST SESSION WAS PARTICULARLY FORMAL, FEATURING CHELEAN PRESENTATIONS ON STRATEGIC AND ECONOMIC CONCERNS. USDEL REPLIED MORE CONVERSATIONALLY ON GENERAL U.S. POLICY APPROACH, DETENTE, MIDDLE EAST, NUCLEAR PROLIFERATION AND OTHER BROAD POLITICAL TOPICS. FOLLOWING LUNCH HOSTED BY FOREIGN MINISTER, AFTERNOON SESSION DEVOTED TO FORMAL PRESENTATIONS BY CHILEAN MINISTERS ON CURRENT ECONOMIC POLICY WITH PARTICULAR EMPHASIS ON FOOD AND ENERGY INITIATIVES.
- 4. SESSION ON MORNING OF NOVEMBER 19 WAS BILLED BY CHILEANS AS RESTRICTED SESSION (I.E. SOME CIVILIAN OFFICIALS DID NOT ATTEND). IT WAS DEVOTED CONFIDENTIAL

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TO PRESENTATION BY CHILEAN MILITARY OF THE SOVIET-CUBAN AND PERUVIAN THREATS, PAINTED IN DARKEST POSSIBLE TERMS. (SEPTEL ON PERU-CHILE.) CLOSING SESSION IN AFTERNOON PICKED UP EARLIER THEMES, AND PUNCTUATED BY FOREIGN MINISTER'S DIRECT REQUEST FOR ANSWER AS TO WHEN THEIR MILITARY EQUIPMENT REQUEST WOULD BE ANSWERED, PLUS PLEA FROM SAEZ FOR ECONOMIC ASSISTANCE, ESPECIALLY SUPPORT FOR CHILEAN REQUEST FOR LONG-TERM

DEBT RESCHEDULING. CHILEANS ALSO SOLICITED U.S. HELP IN BLUNTING GLOBAL COMMUNIST PROPAGANDA CAMPAIGN AGAINST CHILE. USDEL REMINDED PARTICIPANTS THAT IT WAS NOT A NEGOTIATING MISSIN; INDICATED OPTIMISM THAT POSITIVE REPLY ON DEFENSIVE ARMS WOULD BE FORTHCOMING SOON; THAT ECONOMIC NEEDS WOULD BE CONSIDERED SYMPATHETICALLY; BUT STRESSED THAT COUNTERACTING PROPAGANDA WAS SOMETHING ONLY CHILEANS COULD DO THROUGH THEIR OWN ACTIONS.

5. FINAL SESSION ON AFTERNOON NOVEMBER 19 INCLUDED DETAILED CHILEAN PRESENTATION ON INTERNAL SECURITY THREAT AND CONTINUING TERRORIST ACTIVITY, INCLUDING TIES TO FOREIGN ELEMENTS (E.G. ERP IN ARGENTINA); DISPLAY OF CAPTURED SOVIET WEAPONS AND FRANK EXCHANGES ON POINTS PREVIOUSLY COVERED (PERU THREAT, REGIONAL IMPLICATIONS OF DETENTE, COMMUNIST THREAT IN LA, CHILE'S ECONOMIC NEEDS).

6. DESPITE INITIAL FORMALITY OF SETTING, LATTER WORKING SESSIONS AND INFORMAL ENCOUNTERS WERE CHARACTERIZED ON BOTH SIDES BY HIGH DEGREE OF FRANKNESS. EXCHANGES WERE AT TIMES HEATED, ESPECIALLY ON CHILEAN SIDE, WHICH SEEMED TO FEEL U.S. HAD NOT FULLY RECIPROCATED CHILEAN EFFORTS TO FIGHT GLOBAL COMMUNIST MENACE. CHILEANS SOUGHT CONSISTENTLY TO PORTRAY SELVES AS LOYAL ALLIES WILLING TO SUPPORT U.S. FULLY -- AND EXPECTING TANGILE SUPPORT IN RETURN.

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7. CHILEANS FEEL THEMSELVES UNDER THREEFOLD PRESSURE
(1) THREAT FROM PERU BACKED BY DIRECT SOVIET
SUPPORT; (2) GLOBAL COMMUNIST PROPAGANDA CAMPAIGN
COORDINATED WITH DOMESTIC TERRORIST THREAT, WHICH
SOME CHILEANS INCLUDING ARMY CHIEF BRAVO SAID MIGHT
TAKE ANOTHER YEAR TO BRING FULLY UNDER CONTROL AND
(3) ECONOMIC SQUEEZE RESULTING FROM YEARS OF MARXIST
MISMANAGEMENT AGGRAVATED INTERNATIONALLY BY RISING
PRICE OF OIL AND FALLING PRICE OF COPPER. THE STATE
OF SIEGE SYMBOLIZED PHYSICALLY BY CURFEWS IS ONLY
A PALE REFLECTION OF THE MENTAL STATE OF SIEGE
REFLECTED IN ATTITUDES OF CHILEAN LEADERS.

8. MILITARY LEADERS ASCRIBE CHILE'S DIPLOMATIC ISOLATION SOLELY TO SUCCESSFUL COMMUNIST EXPLOITATION OF SOFT-HEADED LIBERALISM OF WESTERN DEMOCRACIES AND SEEM TO FEEL THAT INTERNAL LIBERALIZATION MOVES TO BLUNT INTERNATIONAL CRITICISM WOULD ONLY OPEN THE DOOR TO FURTHER SOVIET INSTIGATED TERRORISM. AT BOTTOM, THEY SEEM TO EXPECT U.S. TO SOLVE THEIR GLOBAL PROBLEMS FOR THEM WHILE THEY DEAL WITH DOMESTIC OPPOSITION THROUGH RIGID POLICE METHODS AND SEEK TO BRING ECONOMY INTO BALANCE.

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9. CIVILIAN ECONOMIC TEAM IS IMPRESSIVE IN ITS OBVIOUS TALENTS AND CLEAR-HEADED DIAGNOSIS OF ECONOMIC PROBLEMS, GOVERNMENT APPEARS TO BE CARRYING OUT A COMPREHENSIVE REFORM OF CHILE'S ECONOMIC STRUCTURE, INCLUDING REALIGNMENT OF RELATIVE PRICES AND THEIR STABILIZATION (PRICES WILL INCREASE 360 PERCENT IN 1974), TAX REFORM, DEVALUATION, TRADE LIMERALIZATION, AND DENATIONALI-ZATION OF THE PUBLIC SECTOR WHICH CONTINUES TO DEOMINATE THE ECONOMY. CHILE WILL NEED MASSIVE COMPENSATORY FINANCING IN 1975 AND OTHER FINANCIAL AID. ITS LEADERS ARE CONCERNED THAT HOSTILITY OF WESTERN EUROPEAN GOVERNMENTS HAS CARRIED OVER INTO THE INTERNATIONAL FINANCIAL INSTITUTIONS AND FEAR THAT IT WILL AFFECT PARIS CLUB NEGOTIATIONS. CHILEANS MADE STRONG PITCH TO U.S. FOR FINANCIAL SUPPORT DURING THE CRISIS, UNDERSTANDING OF THEIR DIFFICULT SITUATION WITH REGARD TO COPPER PRICES AND THEIR ROLE IN CIPEC, AND TO SUPPORT THEIR REQUESTS FOR 1975 DEBT RESCHEDULING AS WELL AS GIVE SYMPATHETIC CONSIDERATION TO A LONG-TERM DEBT RESCHEDULING EXERCISE IN 1976.

10. CHILEAN LEADERS SEEM TO HAVE LITTLE OR NO INTEREST IN THE REGIONAL DIMENSIONS OF THE NEW DIALOGUE, A SUBJECT BARELY TOUCHED ON IN THE MEETINGS. THEY ARE COMPLETELY ABSORVED BY THEIR INTERNAL AND BILATERAL PROBLEMS AND WE SHOULD NOT EXPECT THEM TO PLAY AN ACTIVE ROLE IN THE MULTILATERAL DIPLOMACY OF THE REGION

11. USDEL DEALT FRANKLY WITH HUMAN RIGHTS PROBLEM WHEN APPROPRIATE, POINTING OUT THAT CONGRESSIONAL AND INTERNATIONAL REACTION COULD NOT BE IGNORED, THOUGH WE AVOIDED PREACHING. RESPONSE WAS MINIMAL.

12. CHILEANS CONSISTENTLY PORTRAYED THEIR POSITION AS ONE OF TRUE FRIEND OF U.S. WAGING DETERMINED BATTLE AGAINST SOVIET CONSPIRACY IN HEMISPHERE, ATTEMPTING TO BRING ORDER OUT OF ECONOMIC CHAOS LEFT BY ALLENDE REGIME, AND, WITHIN THEIR CONFIDENTIAL

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CAPABILITY, OF SUPPORTING U.S. GLOBAL ECONOMIC CONCERNS. THEY SAW TWELVE COUNTRIES WHO VOTED FOR LIFTING OAS SANCTIONS AT QUITO AS DUPES OF SOVIETS, AND OBVIOUSLY WERE WORRIED THA U.S. ALSO BEING INFECTED BY VIRUS. PRESENTATIONS WERE IN STARK COLD WAR TERMS WITH CLEAR UNDERTONE OF CONCERN THAT U.S. DETENTE POLICY WAS GIVING RELATIELY FREE HAND TO SOVIETS, WHO WERE USING CUBA AND PERU TO DESTROY CHILEAN GOVERNMENT BECAUSE OF ITS DETERMINED STAND ON BEHALF OF THE WEST. USDEL ATTEMPTS TO SOFTEN THIS UNRELENTINGLY BLACK AND WHITE INTERPRETATION FOUND SOME RESPONSE AMONG CIVILIANS, BUT SEEM TO FALL ON DEAF EARS AMONG MILITARY. IN HIS SUMMATION, CARVAJAL REGRETTED APPARENT FAILURE OF CHILEAN SIDE TO CONVINCE USDEL OF IMMEDIACY OF PERUVIAN THREAT, AND OF REALITY OF SOVIET MANIPULATION OF PERU. (DISPLAY OF SOVIET-ORIGIN ARMS SEIZED FROM TERRORISTS THEN BROUGHT FORTH TO PROVIDE GRAND FINALE TO FORMAL MEETINGS.) USDEL EMPHASIZED THAT IT HAD GAINED MUCH BETTER UNDERSTANDING OF PROBLEMS FACED BY CHILE, THAT DIFFERENCES IN INTERPRETATION OF SOME GLOBAL AND LOCAL TRENDS DID NOT ALTER DETERMINED USG SUPPORT FOR GOC, AND THAT SOVIET ACTIONS IN PERU AND ELSEWHERE WOULD BE FOLLOWED WITH FULL AWARENESS OF CHILEAN CONCERSN.

13. IN SUM, TALKS CAN BE DESCRIBED AS SUCCESSFUL EXCHANGE. CHILEANS WERE EXPOSED TO U.S. PARTICIPANTS

WERE EXPOSED IN UNIQUE MANNER TO A COMPREHENSIVE,
HIGH-LEVEL PICTURE OF CHILEAN PERSPECTIVE ON THE
WORLD. BOTH SIDES CAME AWAY WITH REALIZATION THAT
THERE ARE BROAD GAPS IN MUTUAL UNDERSTANDING ARISING
FROM (1) DIFFERENCE BETWEEN U.S. GLOBAL VIEW AND
CHILEAN DOMESTIC REOCCUPATIONS; AND (2) MECHANISTIC COLD WAR
CONCEPTS OF CHILEAN MILITARY THAT REFELCT THINKING

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OF TWENTY YEARS AGO, COMPARED TO EVOLUTION IN U.S. THINKING THAT HAS TAKEN PLACE IN RESPONSE TO CHANGES IN WORLD SITUATION. USDEL REPEATEDLY AND FORCEFULLY ASSURED CHILEANS THAT OUR DETENTE POLICY TAKES FULL ACCOUNT OF SOVIET INTENTIONS AND THAT DETENTE WOULD NOT BE PURSUED AT EXPENSE OF INTEREST OF CHILE OR ANY OTHER U.S. FRIEND. ONE CHILEAN OFFICIAL (CLARO, ECONOMIC ADVISER OF FOREIGN OFFICE) EXPRESSED HOPE THAT U.S. WOULD SPEAK TO SOVIETS, IN DETENTE CONTEXT, TO DISCOURAGE SOVIET MEDDLING IN LATIN AMERICA (ESPECIALLY PERU.)

14. WHETHER TALKS CAN BE DESCRIBED AS POLITICAL SUCCESS IS LESS CLEAR. CHELEAN DIRECTOR OF INTELLIGENCE COMMENTED AFTER MEETINGS ENDED HE HEARD TOO MUCH TALK OF "COOPERATION", IMPLYING POSSIBILITY OF DIFFERENT INTERESTS, RATHER THAN OF "COORDINATION", WHICH WOULD

HAVE IMPLIED IDENTITY OF INTERESTS. IT MAY TAKE SOME TIME FOR CHILEANS TO DIGEST AMERICAN VIEW; WHETHER THEY WILL INCORPORATE ANY OF IT IN THEIR OWN THINKING IS QUESTIONABLE. CERTAINLY THEY REMAIN DISTURBED BY U.S. FAILURE TO SEE THE WORLD IN THEIR OLD-STYLE, CONFRONTATIONAL TERMS AND TO RESPOND ACCORDINGLY. AS GENERAL PINOCHET SAID ON OPENING DAY, "WE HAVE BEEN CONFIDENTIAL

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BETTER ALLIES TO YOU THEN YOU HAVE BEEN TO US".

15. DESPITE THESE DIFFERENCES, HOWEVER, CHILEANS WERE CLEARLY DELIGHTED THAT U.S. MISSION HAD COME. THE HIGH LEVEL OF ATTENTION THEY GAVE IT REFLECTS A STRONG DESIRE TO CAPITALIZE ON ANYTHING THAT DEMONSTRATES THAT CHILE IS NOT COMPLETELY ISOLATED IN THE WORLD. THE DIGNITY WITH WHICH BOTH SIDES CONDUCTED THEMSELVES LEFT THE PROMISE OF A CONTINUED SEARCH FOR BETTER MUTUAL COMPREHENSION. CRIMMINS

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